

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1299-01  
Bill No.: SB 460  
Subject: Insurance - Medical; Health Care; Insurance Dept.; Health Dept.  
Type: Original  
Date: February 24, 2003

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
Insurance Dedicated	(\$133,329 to \$333,329)	(\$155,444 to \$355,444)	(\$158,055 to \$358,055)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>(\$133,329 to \$333,329)</b>	<b>(\$155,444 to \$355,444)</b>	<b>(\$158,055 to \$358,055)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### FISCAL ANALYSIS

#### ASSUMPTION

Officials from the **Missouri Consolidated Health Care Plan, Office of the Governor, Office of Administration (OA) - Division of Budget and Planning, OA - Division of Accounting, Department of Mental Health, Department of Economic Development** and **Missouri Senate** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** defer to the Department of Transportation for response regarding the fiscal impact of the proposal on the MHP.

Officials from the **Department of Transportation** assume the proposal will have no fiscal impact on the Missouri Highway Transportation Commission or on the Highway & Patrol Medical Plan.

Officials from the **Department of Health and Senior Services (DOH)** state the DOH, with the Office of Administration and the Department of Insurance, is required to provide such support as the commission requires to aid it in the performance of its duties. It is unclear what would be involved in providing support to the committee, therefore, DOH can not determine what impact the proposal would have on staff workload. DOH is assuming the support could be accomplished with existing staff. If the workload increased in the future, the DOH may require

additional staff.

ASSUMPTION (continued)

Officials from the **Missouri Department of Conservation (MDC)** state the proposed legislation does not appear to have a fiscal impact on MDC funds.

Officials from the **Missouri House of Representatives (MHR)** state the MHR is assuming the Department of Insurance, Department of Health and Senior Services or Office of Administration will provide expense reimbursement for any costs incurred and the proposal will have no fiscal impact on their organization.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** state under the Limited Mandate Health Insurance Act, the proposed language removes numerous provisions exempting limited mandate health insurance policies and contracts from being required to cover a particular health care service or benefit, or being required to reimburse, utilize or include a specific category of licensed health care practitioner, at the same time adding language to replace the exempt provisions notwithstanding any other provision of law to the contrary. The requirements of this section for benefits provided under limited mandate health insurance policies and contracts shall be the exclusive requirements for such policies and contracts. There is not a fiscal impact to the DMS.

The proposal creates the Mandated Health Benefit Review Commission within the Department of Insurance. The purpose of the commission is to review all existing state mandated health benefits and the projected costs of such mandates and issue a report to the general assembly to recommend which mandated health benefits should be repealed from state law. Until such time that a recommendation is proposed as legislation, the costs or savings are unable to be determined. Therefore, there is no fiscal impact to DMS.

Officials from the **Department of Insurance (INS)** state the INS would require one Health Care Economist (Research Analyst IV) to review and analyze data, work with experts, provide support to commission and prepare required benefit reports. One Research Analyst I-II is required to prepare and conduct surveys, collect data, run statistical reports and assist in preparing reports and analysis required under the proposal. INS assumes that the commission will contract with experts in the areas of health research, biostatistics, and actuarial science in conducting the benefit reviews. Contractual costs are estimated from \$50,000 - \$250,000 per year depending on the number and type of benefits reviewed. Meeting costs for the commission are calculated at \$100 per day for non-governmental members (6 total), 4 meetings per year.

ASSUMPTION (continued)

The INS estimates that 160 insurers and HMOs would choose to change their products to not cover some of the currently required mandated benefits. This would generate form filings to the INS which are accompanied by a \$50 filing fee. One-time additional revenues to the Insurance Dedicated Fund are estimated to be \$8,000. Additional staff and expenses are not being requested to cover additional workload created by policy form filings, but if multiple proposals pass during the legislative session, the INS may need to request additional resources.

**Oversight** assumes the INS would hire one Health Care Economist (Research Analyst IV) and one Research Analyst I. **Oversight** is ranging the contractual costs between \$50,000 and \$250,000 per year.

**This proposal would result in an increase in Total State Revenue.**

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
<b>INSURANCE DEDICATED FUND</b>			
<u>Income - Department of Insurance</u>			
Policy form filing fees	<u>\$8,000</u>	<u>\$0</u>	<u>\$0</u>
<u>Costs - Department of Insurance</u>			
Personal service costs (2 FTE)	(\$55,525)	(\$68,295)	(\$70,002)
Fringe benefits	(\$20,471)	(\$27,639)	(\$28,330)
	<u>(\$65,333 to</u>	<u>(\$59,510 to</u>	<u>(\$59,723 to</u>
Equipment and expense	<u>\$265,333)</u>	<u>\$259,510)</u>	<u>\$259,723)</u>
Total <u>Costs</u> - Department of Insurance	<u>(\$141,329 to</u>	<u>(\$155,444 to</u>	<u>(\$158,055 to</u>
	<u>\$341,329)</u>	<u>\$355,444)</u>	<u>\$358,055)</u>
<b>ESTIMATED NET EFFECT ON</b>	<b><u>(\$133,329 to</u></b>	<b><u>(\$155,444 to</u></b>	<b><u>(\$158,055 to</u></b>
<b>INSURANCE DEDICATED FUND</b>	<b><u>\$333,329)</u></b>	<b><u>\$355,444)</u></b>	<b><u>\$358,055)</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

### DESCRIPTION

This proposal eliminates the requirement that individual and small group health insurance policies provide coverage for certain health insurance mandates. This proposal also eliminates a marketing restriction on insurance companies.

This proposal establishes the Mandated Benefit Review Commission within the Department of Insurance. The Commission must be established by October 1, 2003. Once the Commission has been established, it must review all existing state mandated benefits and issue a report to the General Assembly by the tenth legislative day in January 2005. The report shall discuss the projected costs of all state and federal mandates and the Commission shall recommend to the General Assembly which mandated benefits should be repealed from state law.

The Commission shall also review all mandated benefits proposed by member of the General Assembly. Whenever a bill containing a mandated benefit is proposed, the committee having jurisdiction over the proposal shall determine whether the committee favors the proposed mandate or not. If the Committee is in favor of the mandate, the Committee may refer the matter to the Commission for its review. The Committee must review the proposed mandate and issue a report to the committee. The report must contain the social impact of mandating the benefit, the financial impact of mandating the benefit, the medical efficacy of mandating the benefit, and the effects of balancing the social, economic and medical efficacy considerations. Once a review and evaluation of the mandated benefit has been made by the Commission, the committee shall review the Commission's findings.

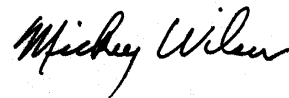
Under this proposal, no mandated health benefit shall be enacted into law prior to January 1, 2006. After that date, no proposed mandate may be enacted into law unless the commission has reviewed and evaluated the mandate.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### SOURCES OF INFORMATION

HW-C:LR:OD (12/02)

Office of the Governor  
Office of Administration -  
    Division of Accounting  
    Division of Budget and Planning  
Department of Economic Development -  
    Division of Professional Registration  
Department of Transportation  
Department of Mental Health  
Department of Health and Senior Services  
Department of Social Services  
Department of Public Safety -  
    Missouri Highway Patrol  
Missouri Consolidated Health Care Plan  
Department of Insurance  
Missouri Department of Conservation  
Missouri House of Representatives  
Missouri Senate



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FEBRUARY 24, 2003